

SENATE JOINT RESOLUTION 495

By Fowler

A RESOLUTION to create a special committee to study the feasibility of implementing choice-type health care insurance plans for Medicaid eligible persons and other uninsured populations.

WHEREAS, Medicaid purchases basic health care and long-term care services on behalf of 51 million Americans and is the federal government's third largest domestic program, ranking only behind spending on Social Security and Medicare (Miller, Vic; *The Medicaid Matching Formula: Policy Considerations and Options for Modification*, Public Policy Institute, September 2004); and

WHEREAS, Medicaid is also one of the largest fiscal items in state budgets, accounting in 2001 for an average of 16 percent of state-only spending and 19.5 percent of total state budgets when federal funds are included (Id.); and

WHEREAS, according to the National Conference of State Legislatures, most states faced budget deficits in their fiscal year 2003 and 2004 budgets; and

WHEREAS, according to a December 2002 Kaiser Commission Study on Medicaid and the Uninsured, all but one (1) state took action in fiscal year 2003 to reduce Medicaid spending; and

WHEREAS, for fiscal year 2006, a third of the states identified Medicaid or other health care costs as a top fiscal issue ("Money Matters Top the List," *State Legislatures*, February, 2005); and

WHEREAS, sixteen states expect overruns in Medicaid early this fiscal year ("The Medicaid Spending Morass," *State Legislatures*, March 2005); and

WHEREAS, nationally, Medicaid budgets are slated to grow 12.7 percent this year, making Medicaid the program with the fastest rate of growth reported for any of the major program categories in state budgets (Id.); and

WHEREAS, a majority of states will see their federal Medicaid matching rates reduced in fiscal year 2006, resulting in a \$527 million reduction in federal Medicaid grants to states (Id.); and

WHEREAS, TennCare covers over 1.3 million Tennesseans and projected costs for coverage of the TennCare population with the current benefit structure is projected to require an additional \$675 million in state tax dollars for fiscal year 2006; and

WHEREAS, it has been proposed that health care benefits be reduced and persons eliminated from the TennCare program; and

WHEREAS, the general assembly believes that it is important that the states and the federal government "change the way we do business," and overhaul the over 35-year-old Medicaid laws which were written for a different time and under different circumstances; and

WHEREAS, in 1994, Tennessee was a national leader in moving to managed care as a demonstration project for providing health care services beyond the Medicaid eligible population; and

WHEREAS, the general assembly believes that it should again be a leader in demonstrating a "new way of doing things" under Medicaid, including advocating for changes in federal law and urging its sister states to join in the advocacy for those changes; and

WHEREAS, one such "new way of doing things" is reflected in Florida's proposed demonstration project that would allow Medicaid recipients to sign up for one (1) of three (3) benefit packages or allow enrollees to opt to apply their state-paid premiums to purchase insurance in the private market; and

WHEREAS, the possibility of demonstrating a choice-type health care insurance plan for Medicaid eligible persons, along with an expanded population, is not unfamiliar to many members of the general assembly, such type of plan having been presented to many members of the general assembly in 2000 by Richard Teske, a nationally known advocate for Medicaid

and health care reform and former White House liaison on Medicaid issues for the late President Ronald Reagan; and

WHEREAS, choice-type plans are not unfamiliar to the federal government, as plans allowing choice have been positively and favorably demonstrated in several states in connection with the provision of health care services to those eligible for nursing home care under the Medicaid laws; and

WHEREAS, the general assembly believes that every effort should be made to develop a choice-type plan that would provide health care services not only to the Medicaid eligible population, but would also be available to citizens who are not eligible for Medicaid, but who do not have access to health care insurance; now, therefore,

BE IT RESOLVED BY THE SENATE OF THE ONE HUNDRED FOURTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE HOUSE OF REPRESENTATIVES CONCURRING, that there is hereby created a special study committee, to be composed of the following thirteen (13) members:

- (1) A representative of Blue Cross Blue Shield of Tennessee;
- (2) A representative of John Deere;
- (3) A representative of Farmers Insurance;
- (4) The commissioner of finance and administration or the commissioner's designee;
- (5) The commissioner of commerce and insurance or the commissioner's designee;
- (6) The director of the bureau of TennCare;
- (7) An insurance actuary selected by agreement of the speaker of the senate and speaker of the house of representatives;
- (8) Two (2) members of the senate and two (2) members of the house of representatives, with one (1) member to be selected by the majority and minority leader of each respective house.
- (9) A representative of the Tennessee Medical Association; and
- (10) A representative of the Tennessee Hospital Association.

BE IT FURTHER RESOLVED, that the committee shall develop a proposal that would allow for the private insurance market to develop more than one (1) type of insurance policy that would be available for the Medicaid population, along with any other Tennessean, with the state paying, on behalf of the Medicaid eligible population, either the insurance premium, a combination of a premium and contribution to a medical savings account, or an equal amount to assist in the purchase of insurance in the private market.

BE IT FURTHER RESOLVED, that legal counsel shall be made available to the committee.

BE IT FURTHER RESOLVED, that all legislative members of the committee who are duly elected members of the General Assembly shall remain members of such committee until the committee reports its findings and recommendations to the General Assembly.

BE IT FURTHER RESOLVED, that the committee shall be convened by the member with the most years of continuous service in the General Assembly, and at its first meeting shall elect a chair, vice-chair, and such other officers the committee deems necessary.

BE IT FURTHER RESOLVED, that the committee shall present its recommendations along with any changes that it believes would be necessary under state or federal law in order for the proposal to be implemented and operated in an actuarially sound manner without taking a greater share of projected state funds than was budgeted for the TennCare health insurance program during fiscal year 2004-2005. The committee shall timely report such recommendations, including any proposed legislation, to the One Hundred Fourth General Assembly no later than January 10, 2006, at which time the committee shall cease to exist.